

Exhibit "A"

CITY OF IRVING
COUNCIL RESOLUTION NO. RES-2011-180

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City Council has adopted a program for granting public funds to promote local economic development, and stimulate business and commercial activity in the City of Irving; and

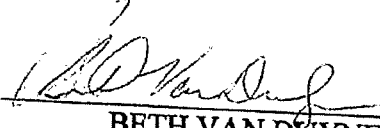
WHEREAS, pursuant to said policy and Chapter 380 of the Texas Local Government Code, the City Council finds the economic development incentive offered in the attached agreement will promote economic development and stimulate business and commercial activity in the City of Irving;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF IRVING, TEXAS:

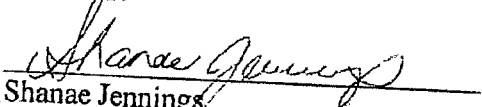
SECTION I. THAT the City Council hereby approves the attached Economic Incentive Agreement between the City of Irving and Aviall Services, Inc., and the Mayor is authorized to execute said agreement.

SECTION II. THAT this resolution shall take effect from and after its final date of passage, and it is accordingly so ordered.

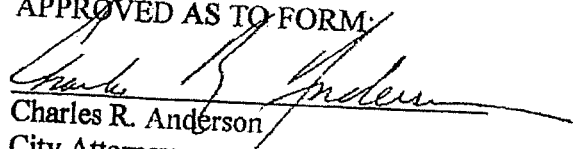
PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF IRVING, TEXAS,
on August 4, 2011.


BETH VAN DUYN
MAYOR

ATTEST:


Shanae Jennings
Acting City Secretary

APPROVED AS TO FORM:


Charles R. Anderson
City Attorney



ECONOMIC INCENTIVE AGREEMENT

STATE OF TEXAS §
COUNTY OF DALLAS §
CITY OF IRVING §

This Economic Incentive Agreement ("Agreement"), is made and entered into as of the 4th day of August, 2011, by and between the City of Irving, Texas ("**CITY**"), a home rule city and municipal corporation of Dallas County, Texas, duly acting herein by and through its Mayor, and Aviall Services, Inc. ("**AVIALL**"), acting by and through its authorized officers, for the purposes and considerations stated below:

WITNESSETH:

WHEREAS, the **CITY** has adopted a Comprehensive Policy Statement on Tax Base Enhancement and Economic Development Incentives ("Policy Statement"), by the passage of Ordinance No. 9137, on the 3rd day of December, 2009; and

WHEREAS, the **CITY**'s current Policy Statement entitled:

COMPREHENSIVE POLICY STATEMENT
ON LOCAL ECONOMIC DEVELOPMENT AND BUSINESS
STIMULATION INCENTIVES
(GUIDELINES AND CRITERIA ACTS 1989,
71ST LEG., CH. 555)

is attached as Exhibit "A" hereto; and

WHEREAS, the Policy Statement constitutes appropriate guidelines and criteria governing economic development incentive and grant agreements to be entered into by the **CITY** as contemplated by Chapter 380 of the Local Government Code,

WHEREAS, the **CITY** desires to enter into an Agreement with **AVIALL** for economic incentives pursuant to Chapter 380 of the Texas Local Government Code; and

WHEREAS, the City Council also finds that the improvements sought are feasible and practical and would be of benefit to the **CITY** after expiration of this Agreement; and

WHEREAS, the City Council finds that the terms of this Agreement and the Premises and proposed Qualified Facilities, as hereinafter defined, subject to this Agreement meet the applicable guidelines and criteria heretofore adopted by the City Council; and

NOW, THEREFORE, the **CITY**, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of primary employment, the attraction of major investment and increased payroll that contributes to the economic development of Irving and enhancement of the tax base in the **CITY**, **AVIALL** for good and

valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the economic development incentive set forth herein below, as authorized by Section 380 of the Code, as amended, does hereby contract, covenant and agree as follows:

I. DEFINITIONS

Wherever used in this Agreement, the following capitalized terms shall have the meanings ascribed to them:

- A. "Qualified Facilities" shall mean the real property and improvements at the Premises leased by **AVIALL** at 2700 Regent Blvd. providing for office and warehouse space for **AVIALL**.
- B. "Eligible Property Value" is the Personal Property Increment in taxable assessed value of Personal Property owned by **AVIALL**, located at 2700 Regent Blvd. and on the appraisal rolls of the Dallas Central Appraisal District as of tax year beginning January 1, 2012 and continuing through the tax year ending December 31, 2020.
- C. "Freeport Goods" shall mean that personal property as defined by Article VIII, Section 1-j of the Texas Constitution, as amended,
- D. "Premises" shall mean a certain buildings located at 2700 Regent, DFW Airport, Texas 75261.
- E. "Grant" shall mean the economic development incentive earned from meeting the Minimum Threshold Eligibility Requirements during the nine (9) year grant term.
- F. "Minimum Threshold Eligibility Requirements" shall mean (i) the lease and occupancy of at least three-hundred thousand (300,000) square feet for a minimum of nine (9) years and (ii) the creation of at least one-hundred (100) new jobs, employed in Irving, filled by full time year-round employees with a hire date within three (3) years of the effective date of this agreement and (iii) an average salary/benefits of at least forty-seven-thousand (\$47,000) per full-time employee and (iv) current taxable value of the Personal Property owned by Aviall, located at 2750 and 2755 Regent Blvd. remains at or above the taxable value certified for tax year 2011.
- G. "Personal Property" shall mean furniture, fixtures, machinery, equipment and other taxable personal property, exclusive of Freeport Goods, located in the Qualified Facilities, on the appraisal rolls of the Dallas Central Appraisal District as of the applicable tax year.
- H. "Personal Property Increment" shall mean the increase in taxable assessed valuation of the Personal Property located on the Premises, over the 2011 certified taxable value on the Dallas Central Appraisal District appraisal roll.

II. GENERAL PROVISIONS

- A. **AVIALL** agrees and covenants that it will diligently and faithfully use the Qualified Facilities for a minimum term of nine (9) continuous years, during the term of this Agreement. **AVIALL** further covenants and agrees that the use of the Qualified Facilities will be in accordance with all applicable state and local laws and regulations.

- B. All procedures followed by the **CITY** conform to the requirements of the Code, and will be undertaken in coordination with **AVIALL**'s corporate, public, employee, and business relations requirements.
- C. The Premises are or will be leased by **AVIALL** which Premises are located solely within the city limits of the **CITY**.
- D. The Premises are not in an improvement project financed by tax increment bonds.
- E. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the **CITY**; provided however, that this section shall not be construed to create a security interest in the Premises or Qualified Facilities in favor of such holders of outstanding bonds of the **CITY**.
- F. The Premises are not owned or leased by any member of the Irving City Council or any member of the Planning and Zoning Commission of the City of Irving.
- G. During the period of the economic incentive grant herein authorized, **AVIALL** shall be subject to all applicable **CITY** taxation not specifically rebated, including but not limited to, sales tax and ad valorem taxation on land, inventory and supplies.
- H. As a condition precedent to receiving any Grant hereunder, **AVIALL** shall meet the Minimum Threshold Eligibility Requirements each year during the term of this Agreement.
- I. **AVIALL** further agrees to limit uses on the Premises to those uses allowed under the zoning regulations for the Premises and those uses which are complementary such as, but not limited to, parking, landscaping, and business services, and shall not allow uses which cause property values to decline.
- J. **AVIALL** shall covenant and certify that it does not and will not knowingly employ an undocumented worker as that term is defined by Section 2264.01(4) of the Texas Government Code. In accordance with Section 2264.052 of the Texas Government Code, if **AVIALL** is convicted of a violation under 8 U.S.C. Section 1324a(f), **AVIALL** shall repay to the City the full amount of payments made under this Agreement, plus ten percent (10%) per annum from the date the payment was made. Repayment shall be paid within one hundred twenty (120) days after the date **AVIALL** receives notice of violation from the City.

III. OCCUPANCY OF QUALIFIED FACILITIES

As a condition precedent to a Grant, **AVIALL** must lease the Premises for a term of at least nine (9) years.

IV.

TERM AND GRANT PERIOD

This agreement shall become effective August 4, 2011; however, the first tax year for which the CITY shall be obligated to reimburse AVIALL for tax payments set forth above shall be that tax year beginning January 1 of the first tax year that Aviall meets the Minimum Threshold Eligibility Requirements and shall thereafter be in effect until December 31, 2020. The first possible reimbursement due to AVIALL shall be March 31, following the tax year that Aviall meets the Minimum Threshold Eligibility Requirements.

This Agreement will be automatically extended when lease options are exercised up to a maximum of ten (10) additional years. Aviall is eligible to apply for additional extensions to this economic incentive agreement at the end of each lease period.

V. RATE OF GRANT

The annual Grant amount to Aviall shall be 40% of the taxes paid on the Personal Property Increment for the Eligible Property Value for each year that Aviall meets the Minimum Threshold Eligibility Requirements.

Minimum Personal Property Valuation – Should the valuation of the Eligible Property Value on the Premises fall below the 2011 Certified Value as of January 1 of any year during the term of the Agreement, there shall be no Grant allowed that year or any other future year until the taxable assessed valuation of the Eligible Property Value on the Premises as of January 1 of that year exceeds the 2011 Certified Value.

VI RECORDS AND AUDITS

- A. Not later than February 10 of each applicable year, **AVIALL** shall submit to the **CITY** a certification from **AVIALL** as to (i) the number of square feet occupied at the Qualified Facilities on January 1 of that year, (ii) the number of full-time **AVIALL** employees hired/employed that were hired subsequent to the effective date of this agreement (iii) proof of at least a nine (9) year lease (iv) the average annual salary/benefits for **AVIALL's** full-time employees
- B. At all times throughout the term of **this** Agreement, the **CITY** or its agents shall have reasonable access to the Premises by **CITY** employees (upon reasonable prior written notice to **AVIALL**) for the purpose of inspecting same to ensure that the Qualified Facilities are maintained in accordance with the specifications and conditions of this Agreement; provided that **AVIALL** shall have the right to accompany **CITY** employees on any such inspection and that such inspection shall be limited to examining only that information necessary to determining the basis for this abatement.

- C. The Premises at all times shall be used in a manner that is consistent with City of Irving Zoning Ordinance No. 1144 as amended, and the Policy Statement, and consistent with the general purpose of encouraging development within the city.

VII. BREACH

- A. **CITY** may cancel or modify this agreement if owners or Association fails to comply with its terms.
- B. In the event that: (i) the Qualified Facilities for which Grant has been granted are not occupied in accordance with this Agreement; or (ii) **AVIALL** allows its ad valorem taxes with respect to real or personal property on the Premises owed the **CITY** to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem real property taxes or personal property taxes, or (iii) **AVIALL** breaches any of the terms or conditions of this Agreement, then **AVIALL** shall be in default of this Agreement. In the event **AVIALL** defaults in its performance of (i), (ii), or (iii) above, the **CITY** shall give **AVIALL** written notice of such default and if **AVIALL** has not cured such default within thirty (30) days of said written notice, or, if such default cannot be cured by the payment of money or posting of a bond or other collateral acceptable to the **CITY**, and cannot with due diligence be cured within such thirty (30) day period owing to causes beyond the control of **AVIALL**, this Agreement may be terminated by the **CITY**; provided, however, that if such default is not reasonably susceptible of cure within such thirty (30) day period and **AVIALL** has commenced and is pursuing the cure of same, then, after first advising the City Council of **AVIALL**'s efforts to cure same, **AVIALL** may utilize an additional (60) days for such purposes. Time, in addition to the foregoing ninety (90) days may be authorized by the City Council. Except as provided in Section V- E, **CITY**'s sole and exclusive remedy for any breach of this Agreement during the period of Grant, in the event of default after the expiration of the applicable notice and cure periods, is that the **CITY** receive from **AVIALL** as its sole remedy liquidated damages of all Grants that have been paid to **AVIALL** for the entire period of the agreement, and interest thereon be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Code, as amended, from thirty (30) days following receipt of written notice of the default for breach and will become a debt from **AVIALL** to the **CITY**. Such amount shall be due, owing, and paid to the **CITY** within sixty (60) days of the expiration of the above-mentioned applicable cure periods as the sole remedy of the **CITY**, subject to any and all lawful offsets, settlements, deductions, or credits to which **AVIALL** may be entitled. The parties acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine and that the **CITY** shall look only to **AVIALL** in the event of **AVIALL**'s breach of this Agreement.

VIII. EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

- A. The Grant will continue during the term of this Agreement if the conditions for such grant(s) have been met, so long as **AVIALL** uses the Premises as set forth in B or C below, and **AVIALL** is not otherwise in default or breach of this agreement.

- B. Leases or subleases to **AVIALL** affiliates which result in a continuation of the business as an ongoing business in the Premises in the same general manner, shall not result in a forfeiture of Grant or require City Council approval.
- C. Notwithstanding paragraphs A or B above, **AVIALL** will not lose eligibility to receive the Grant before the expiration of the ten (10) year grant period should **AVIALL** sell the Premises and Qualified Facilities if the following conditions are first met:
1. **AVIALL** or any of its affiliates continues to occupy and use the Premises and Qualified Facilities during the Grant period in accordance with this Agreement;
 2. **AVIALL** or any of its affiliates continues to employ at least one-thousand (1,000) full time employees who shall work on the Premises and in the Qualified Facilities during the Grant period in accordance with this Agreement; and
 3. **AVIALL** or any of its affiliates meets all other requirements necessary to receive the Grant.

The term "affiliate" as used herein with respect to **AVIALL** shall mean a person or entity controlled by, controlling, or under common control with **AVIALL**. Control of an entity for these purposes shall mean direct or indirect ownership of at least fifty percent (50%) of the vote or value of the entity.

IX. INDEMNITY

It is understood and agreed between the parties that Association **AVIALL**, in performing their obligations hereunder, are acting independently, and the **CITY** assumes no responsibilities or liabilities in connection therewith to **AVIALL** or to third parties and **AVIALL** agrees to indemnify and hold the **CITY**, its agents, employees and officers harmless therefrom.

X. NOTICE

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid or by hand delivery:

Aviall Services, Inc.
2750 Regent Blvd.
DFW Airport, Texas 75261
Attn: Ed Dolanski, COO

CITY OF IRVING, TEXAS
825 W. Irving Boulevard
Irving, TX 75060
Attn: City Secretary

XI.
CITY COUNCIL AUTHORIZATION

This Agreement was authorized by resolution of the City Council that was approved by the affirmative vote of a majority of the City Council at its regularly scheduled City Council meeting on the 4th day of August 2011, authorizing the Mayor to execute this Agreement on behalf of the **CITY**.

XII.
BOARD OF DIRECTORS AUTHORIZATION

This Agreement was entered into by an officer of **AVIALL** pursuant to authority granted by their respective Board of Directors through a formally adopted Schedule of Authorizations.

XIII.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XIV.
ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate from another party hereto so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which will upon request be addressed to a subsequent purchaser or assignee, shall include, but not necessarily be limited to, statements (to the best knowledge of the party providing such) that this Agreement is in full force and effect without default (or if default exists, the nature of default and curative action, which should be undertaken to cure same), the remaining term of this Agreement, the levels of Grant in effect, and such other matters reasonably requested by the party(ies) to receive the certificate. Any such certificate on behalf of the **CITY** shall be provided by the Financial Services Department for the City of Irving.

XV.
APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State District Court of Dallas County, Texas. This Agreement is performable in Dallas County, Texas.

XVI.
RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form may be recorded in the Deed Records of Dallas County, Texas.

XVII.

ENTIRE AGREEMENT

This Agreement along with that Economic Incentive Agreement entered into simultaneously by the parties on August 4th, 2011 ("Freeport Agreement") and along with the Economic Incentive Agreement entered into by the parties on Feb 22, 2001 and Renewed on Sept 7th 2006 constitutes the entire Grant Agreement between the parties, supercedes any prior understanding or written or oral grant agreements or representations between the parties, and can be modified only by written instrument subscribed to by both parties. Notwithstanding the foregoing provision, this Grant Agreement does not modify, alter, or amend any other agreement or instrument between the **CITY** and **AVIALL** relating to matters other than the abatement of ad valorem taxes with respect to the Premises. This Agreement may be executed in multiple counterparts, each of which shall be considered an original. The obligation to create new jobs contained in this Agreement is the same obligation and not in addition to the obligation to create jobs contained in the Freeport Agreement.

XVIII. REVENUE SHARING CONTINGENCY

The Qualified Facilities are located within a portion of the D/FW International Airport which is subject to revenue sharing between the Cities of Irving, Dallas and Fort Worth. In as much as the amount of the grant specified in this agreement exceeds the amount which would be retained by the City of Irving under such revenue sharing, any grant under this Agreement is contingent upon approval of this agreement by both cities of Dallas and Fort Worth. Approval of this Agreement by all of the cities means that the amount of the grant will be borne by all of the cities in proportion in the same manner as revenue divided pursuant to such revenue sharing, and Irving shall pay such grant without having to divide the revenue generated by Qualified Facilities in the amount of the grant with the Cities of Dallas and Fort Worth. However, if **AVIALL** should breach this agreement and be required to repay all prior grants, such grant repayment shall be divided between all three cities pursuant to such revenue sharing.

EXECUTED the 9th day of August, 2011.

CITY OF IRVING, TEXAS

By:
Beth Van Duyn, Mayor

ATTEST:

Shanae Jennings, Acting City Secretary, City of Irving

APPROVED AS TO FORM:

Charles Anderson, City Attorney, City of Irving

Aviall Services, Inc.

By:
Ed Dolanski, COO

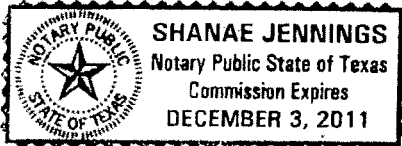
Approved <u>8/4/11</u>
Resolution # <u>2011-180</u>

MAYOR'S ACKNOWLEDGMENT

THE STATE OF TEXAS §
COUNTY OF DALLAS §
CITY OF IRVING §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Beth Van Duyne, Mayor of the City of Irving, Texas, a municipal corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said City of Irving, Texas, a municipal corporation, that she was duly authorized to perform the same by appropriate resolution of the City Council for the City of Irving and that she executed the same as the act of the said **CITY** for the purposes and consideration therein expressed, and in the capacity therein stated.

August GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of _____, A.D., 2011.



Shanae Jennings
Notary Public in and for the State of Texas

Shanae Jennings
(Typed/Printed Name of Notary)

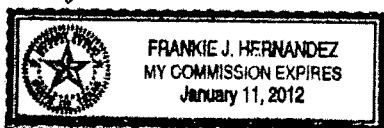
My Commission Expires:
12/3/2011

CORPORATE ACKNOWLEDGEMENT

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared **Ed Dolanski** of **Aviall Services, Inc.** known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me he/she executed the same as a duly authorized officer of such association, and as the act and deed of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

August GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10th day of _____, A.D., 2011.



Frankie J. Hernandez
Notary Public in and for the State of Texas
Frankie J. Hernandez
(Typed/Printed Name of Notary)

My Commission Expires:
01-11-12

Exhibit “B”

CITY OF IRVING

COUNCIL RESOLUTION NO. RES-2011-181

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City Council has adopted a program for granting public funds to promote local economic development, and stimulate business and commercial activity in the City of Irving; and

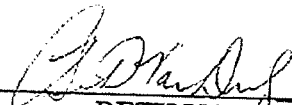
WHEREAS, pursuant to said policy and Chapter 380 of the Texas Local Government Code, the City Council finds the economic development incentive offered in the attached agreement will promote economic development and stimulate business and commercial activity in the City of Irving;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF IRVING, TEXAS:

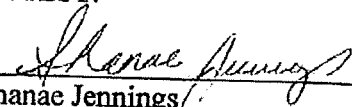
SECTION I. THAT the City Council hereby approves the attached Economic Incentive Agreement between the City of Irving and Aviall Services, Inc., and the Mayor is authorized to execute said agreement.

SECTION II. THAT this resolution shall take effect from and after its final date of passage, and it is accordingly so ordered.

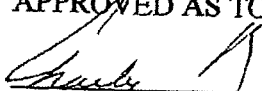
PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF IRVING, TEXAS,
on August 4, 2011.


BETH VANDUYNE
MAYOR

ATTEST:


Shanae Jennings
Acting City Secretary

APPROVED AS TO FORM:


Charles R. Anderson
City Attorney



ECONOMIC INCENTIVE AGREEMENT

STATE OF TEXAS §
COUNTY OF DALLAS §
CITY OF IRVING §

This Economic Incentive Agreement (Agreement), effective as of the 4th day of August, 2011, is entered into by and between the City of Irving, Texas (**CITY**), a home rule city and municipal corporation of Dallas County, Texas, duly acting herein by and through its Mayor, and **Aviall Services, Inc. ("AVIALL")**, acting by and through its authorized officers, for the purposes and considerations stated below:

WHEREAS, the **CITY** has adopted a Comprehensive Policy Statement on Local Economic Development and Business Stimulation Incentives (Policy Statement), by the passage of Ordinance No. 9137 on the 9th day of December, 2009; and

WHEREAS, the **CITY'S** Policy Statement entitled: COMPREHENSIVE POLICY STATEMENT ON LOCAL ECONOMIC DEVELOPMENT AND BUSINESS STIMULATION INCENTIVES (GUIDELINES AND CRITERIA ACTS 1989, 71ST LEG., CH. 555) is attached as Exhibit A hereto; and

WHEREAS, the Policy Statement constitutes appropriate guidelines and criteria governing economic incentive agreements to be entered into by the **CITY** as contemplated by Chapter 380 of the Texas Local Government Code; and

WHEREAS, Chapter 380 of the Texas Local Government Code authorizes the **CITY** to enter into economic incentive agreements with business entities such as **AVIALL** for the purpose set forth in the Guidelines, and

WHEREAS, the **CITY** desires to enter into an Agreement with **AVIALL** for economic incentives pursuant to Chapter 380 of the Texas Local Government Code, as amended; and

WHEREAS, the contemplated use of the Premises, and the other terms hereof are consistent with encouraging development and retention of this major corporate citizen and are in compliance with the Policy Statement and similar guidelines and criteria adopted by the **CITY** and all applicable law; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable guidelines and criteria heretofore adopted by the City Council; and

WHEREAS, in order to maintain and enhance the commercial and industrial economic and employment base of the City of Irving, the City Council finds that it is in the best interest of the taxpayers for the **CITY** to enter into this Agreement;

NOW, THEREFORE, the **CITY** for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the expansion of a major corporate citizen that will contribute to the economic development of **CITY** and **AVIALL** for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, which consideration includes the economic incentives set forth herein below, as authorized by Chapter 380 of the Texas Local Government Code, as amended, do hereby contract, covenant and agree as follows:

I.
DEFINITIONS

"Freeport Goods" shall mean that personal property as defined by Article VIII, Section 1-j of the Texas Constitution, and as may be amended.

"Premises" shall mean a warehouse/distribution center at 2700 Regent Blvd., DFW Airport, Texas 75261 of not less than 300,000 square feet.

"New Jobs" shall mean full time jobs, employed in Irving, Texas with a hire date subsequent to this Agreement.

"Inventory" shall mean all business personal property (non-Freeport Goods) located at the Premises with a minimum taxable value of \$50,000,000 as determined by Dallas Central Appraisal District.

II.
CONSIDERATION

In consideration for **AVIALL** leasing the warehouse/distribution center located at 2700 Regent Blvd., DFW Airport, Texas 75261 pursuant to a lease agreement with a minimum term of nine (9) years, creating at least one-hundred (100) New Jobs with a hire date within three (3) years of the effective date of this agreement, and maintaining an Inventory at the Premises a portion of which includes Freeport Goods, the **CITY** will pay to **AVIALL**, no later than March 31st of each applicable year, an amount equal to the ad valorem personal property tax **AVIALL** paid to the **CITY** for the previous year as taxes on personal property located at 2700 Regent Blvd, DFW Airport, Texas 75261 and currently defined as Freeport Goods . However, should **AVIALL** fail to pay **CITY** said personal property taxes for any year, **CITY** shall not make any payment to **AVIALL**.

III.
TERM

This agreement shall become effective August 4, 2011 however, the first tax year for which the **CITY** shall be obligated to reimburse **AVIALL** for tax payments set forth above shall be that tax year beginning January 1, 2012, and shall thereafter be in effect until December 31, 2020. The first possible reimbursement due to **AVIALL** shall be March 31, 2013.

This Agreement will be automatically extended when lease options are exercised up to a maximum of ten (10) additional years. Aviall is eligible to apply for additional extensions to this economic incentive agreement at the end of each lease period

V.
RECORDS AND AUDITS

- A. Throughout the term of this agreement, the **CITY** or its agents shall have reasonable access to **AVIALL'S** Premises by **CITY** employees (upon prior reasonable notice to **AVIALL**) for the purpose of inspecting same to ensure that the inventory is located in accordance with the specifications and conditions of this agreement; provided that **AVIALL** shall have the right to accompany **CITY** employees on any such inspection and keeping in mind the privacy and security interest of **AVIALL'S** employees.
- B. The Premises at all times shall be used in a manner that is consistent with City of Irving Zoning Ordinances applicable to the Premises.
- C. **AVIALL** shall covenant and certify that it does not and will not knowingly employ an undocumented worker as that term is defined by Section 2264.01(4) of the Texas Government Code. In accordance with Section 2264.052 of the Texas Government Code, if **AVIALL** is convicted of a violation under 8 U.S.C. Section 1324a(f), **AVIALL** shall repay to the City the full amount of payments made under this Agreement, plus ten percent (10%) per annum from the date the payment was made. Repayment shall be paid within one hundred twenty (120) days after the date **AVIALL** receives notice of violation from the City.

V.
BREACH

- A. **CITY** may modify this Agreement if **AVIALL** fails to comply with its terms, provided that any such modification will have prospective application only and **AVIALL** may terminate this Agreement on notice (forfeiting any future rebates from the **CITY**) if any such modifications are not mutually acceptable. It is expressly agreed that participation by **AVIALL** in the protest/appeal process of property values through the Dallas Central Appraisal District does not constitute failure to comply with the terms of this Agreement.
- B. If **AVIALL** fails to comply with its terms, or in the event that (i) the office/warehouse is moved from the **CITY** or (ii) **AVIALL** allows its ad valorem taxes with respect to personal property on the Premises owed the **CITY** to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem personal property taxes, or (iii) **AVIALL** breaches any of the terms or conditions of this Agreement, then **AVIALL** shall be in default of this Agreement. In the event that **AVIALL** defaults in its performance of (i), (ii) or (iii) above, the **CITY** shall give **AVIALL** written notice of such default and if **AVIALL** has not cured such default within thirty (30) days of said written notice, or, if such default cannot be cured

by the payment of money or posting of a bond or other collateral reasonably acceptable to the **CITY**, and cannot with due diligence be cured within such thirty (30) day period owing to causes beyond the control of **AVIALL**, this Agreement may be terminated by the **CITY** provided, however, that if such default is not reasonably susceptible of cure within such thirty (30) day period and **AVIALL** has commenced and is pursuing the cure of same, then after first advising the City Council of **AVIALL'S** efforts to cure same, **AVIALL** may utilize an additional thirty (30) days. Time, in addition to the foregoing sixty (60) days may be authorized by the City council. During the initial three (3) year term of this Agreement, as **CITY's** sole and exclusive remedy for any breach under this Agreement, in the event of default after the expiration of the applicable notice and cure periods, the **CITY** shall receive from **AVIALL** as liquidated damages all previous payments made by the **CITY** to **AVIALL** pursuant to this economic incentive agreement and interest thereon be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code, as amended, from the date of the first payment and will become a debt from **AVIALL** to the **CITY**. And **CITY** shall have no obligation to reimburse **AVIALL** for any tax payments. Such amount shall be due, owing, and paid to the **CITY** by **AVIALL** within sixty (60) days of the expiration of the above-mentioned applicable curing period as the sole remedy of the **CITY**, subject to any and all lawful offsets, settlements, deductions, or credits to which **AVIALL** may be entitled. The parties acknowledge that actual damages in the event of default and termination would be speculative and difficult to determine. During extensions to this Agreement following the initial five (5) year term, as **CITY's** sole and exclusive remedy for any breach under this Agreement, in the event of default after the expiration of the applicable notice and cure periods, the **CITY** may cancel the Agreement and no further payments shall be due to **AVIALL**.

VI.

EFFECT OF SALE, ASSIGNMENT OR LEASE OF PROPERTY

This agreement and the economic incentives are not assignable by **AVIALL** to any entity other than an affiliated company or successor without approval of the City Council. In the event of assignment to an affiliated company or successor, **AVIALL** must confirm such assignment in writing to the **CITY**, and the successor must confirm its intent to be bound by this Agreement and to assume all responsibilities hereunder of **AVIALL** within 90 days of such assignment, or before the beginning of the next tax year, whichever comes first. In the event of failure to confirm assignment to an affiliate or successor hereunder, the successor may seek approval from the City Council for the assignment.

VII.
NOTICE

All notices called for or required by this Agreement shall be addressed to the following, or such other party or address as either party designates in writing, by certified mail, postage prepaid or by hand delivery:

AVIALL, SERVICES, INC.
2750 Regent Blvd.
DFW Airport, Texas 75261
Attn: Ed Dolanski, COO

CITY OF IRVING, TEXAS
825 W. Irving Boulevard
Irving, Texas 75060
Attention: City Secretary

VIII.
CITY COUNCIL AUTHORIZATION

This Agreement was authorized by resolution of the City Council that was approved by the affirmative vote of a majority of the City Council at its regularly scheduled City Council meeting on the 4th day of August, 2011, authorizing the Mayor to execute this Agreement on behalf of the **CITY**.

IX.
BOARD OF DIRECTORS AUTHORIZATION

This Agreement was entered into by an authorized representative of **AVIALL** pursuant to authority granted by their respective Board of Directors through formal delegations.

X.
SEVERABILITY

In the event any section, subsection, paragraph, sentence, phrase or word is held invalid, illegal, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase or word.

XI.

APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State's District Court of Dallas County, Texas. This Agreement is performable in Dallas County, Texas.

XII. RECORDATION OF AGREEMENT

A certified copy of this Agreement in recordable form shall be recorded in the Deed Records of Dallas County, Texas.

XIII. CERTIFICATION

During the term of such agreement, **AVIALL** will submit a statement annually on or before February 10, immediately following the calendar year end, providing the percentage of inventory which constitutes Freeport Goods, the square footage occupied at the premises and the number of full-time employees hired subsequent to the effective date of this agreement for each year for which the applicant seeks the incentive provided by the policy. The City's rights shall be the same rights as the Dallas Central Appraisal District with regard to the review and examination of **AVIALL'S** appropriate books and records. Should **AVIALL** fail to submit the required statement, **AVIALL** shall not be stopped from seeking the incentive in future years. The assessed value of **AVIALL'S** inventory utilized for this agreement will be that value determined from time to time by the Dallas Central Appraisal District in accordance with Texas law.

XIV. ENTIRE AGREEMENT

This Agreement along with the Economic Incentive Agreement entered into by the parties on February 22, 2001 and renewed on September 7th 2006 and the Economic Incentive Agreement entered into the same date as this Agreement by the parties ("380 Agreement") constitutes the entire economic incentive agreement between the parties, and supersedes any prior understanding or written or oral agreements or representations between the parties, and can be modified only by written instrument subscribed to by both parties. Notwithstanding the foregoing provision, this Agreement does not modify, alter, or amend any other agreement or instrument between **CITY** and **AVIALL** relating to matters other than the economic incentives with respect to the Freeport Goods inventory. This Agreement may be executed in multiple counterparts, each of which shall be considered an original. The obligation to create new jobs contained in this Agreement is the same obligation and not in addition to the obligation to create jobs contained in the 380 Agreement.

XV.
REVENUE SHARING CONTINGENCY

The Qualified Facilities are located within a portion of the D/FW International Airport which is subject to revenue sharing between the Cities of Irving, Dallas and Fort Worth. In as much as the amount of the grant specified in this agreement exceeds the amount which would be retained by the City of Irving under such revenue sharing, any grant under this Agreement is contingent upon approval of this agreement by both cities of Dallas and Fort Worth. Approval of this Agreement by all of the cities means that the amount of the grant will be borne by all of the cities in proportion in the same manner as revenue divided pursuant to such revenue sharing, and Irving shall pay such grant without having to divide the revenue generated by Qualified Facilities in the amount of the grant with the Cities of Dallas and Fort Worth. However, if **AVIALL** should breach this agreement and be required to repay all prior grants, such grant repayment shall be divided between all three cities pursuant to such revenue sharing.

CITY OF IRVING, TEXAS

By: _____

Beth Van Duyne, Mayor

Attest:

Shanae Jennings
Acting City Secretary

Approved as to form:

Charles Anderson
City Attorney

Approved	8/4/11
Resolution #	291-181

AVIALL SERVICES, INC.

By: _____

Name: Ed Dolanski

Its: EVP and COO

CORPORATE ACKNOWLEDGEMENT

THE STATE OF TEXAS §
COUNTY OF DALLAS §
CITY OF IRVING §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Ed Dolanski, COO of **AVIALL SERVICES, INC.**, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me he/she executed the same as a duly authorized officer of such corporation, and as the act and deed of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10th day of August,
A.D., 2011.



Frankie J. Hernandez
Notary Public
Frankie J. Hernandez
(Typed/Printed Name of Notary)

My Commission Expires:

01-11-12